

## Message Text

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PAGE 01 FREETO 00894 021412Z

51

ACTION AF-06

INFO OCT-01 ISO-00 EB-07 TRSE-00 AID-05 EUR-12 ( ISO ) W

----- 002893

R 021344Z MAY 75

FM AMEMBASSY FREETOWN

TO SECSTATE WASHDC 1087

INFO USDOC WASHDC

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E.O. 11652: N/A

TAGS: DKID, EFIN, BGEN, SL

SUBJECT: POSSIBLY INAPPROPRIATE HANDLING OF WORLD BANK TENDER

REF: A. FREETOWN 426 B. FREETOWN 453

1. REF A ADVISED THAT SIERRA LEONE ELECTRICITY CORPORATION ANNOUNCED THAT IT EXPECTED REPEAT EXPECTED TO RECEIVE IBRD LOAN FOR SECOND EXTENSION OF KING TOM POWER STATION IN FREETOWN AND ADVISED INTERESTED FIRMS TO SECURE TENDER DOCUMENTS FROM OSKAR VON MILLER GMBH I SWEST GERMANY.

2. REF B ADVISED THAT AFTER DISCUSSION WITH EXPATRIATE SLEC GENERAL MANAGER, EMBASSY HAD LEARNED THAT TECHNICAL SPECIFICATIONS FOR GENERATOR TOBE PURCHASED UNDER PROPOSED LOAN EFFECTIVELY ELIMINATED US COMPETITION. LAST PARA REF B ASKED COMMERCE FOR ITS COMMENTS ON APPROPRIATENESS OF SPECIFICATIONS IN VIEW OF FACT THIS WAS WORLD BANK LOAN.

3. EMBASSY HAS NOW RECEIVED FURTHER REPORTS FROM LOCAL BUSINESSMEN INCLUDING LOCAL REPRESENTATIVE FOR GENERAL MOTORS WHICH SEEM TO CONFIRM OUR SUSPICION ARRANGEMENTS FOR LOAN BEING CARRIED OUT IN FASHION NOT IN ACCORDANCE WITH IBRD REGULATIONS. WE ARE TOLD THAT SPECIFICATIONS FOR "LOW-SPEED" SEA WATER COOLED GENERATOR EFFECTIVELY RESTRICTS COMPETITION TO FIVE FIRMS, TWO GERMAN, TWO SWISS AND ONE SWEDISH. ONE OF THESE FIRMS IS SAID TO BE OSKAR VON MILLER WHICH IS HANDLING

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PAGE 02 FREETO 00894 021412Z

TENDER AND FOR WHOM SLEC GENERAL MANAGER WORKS UNDER TERMS OF

MANAGEMENT CONTRACT BETWEEN SLEC AND OSKAR VON MILLER. EMBASSY FURTHER ADVISED THAT ONE OF THE IBRD CONSULTANT INVOLVED IN DRAWING UP AND EVALUATING PROJECT HAS AN ASSOCIATION WITH OSKAR VON MILLER.

4. SLEC CONTENTION THAT SPECIFICATIONS JUSTIFIED BY NEED FOR SYSTEM COMPLEMENTING EXISTING LOW SPEED WATER COOLED GENERATORS CONTESTED BY LOCAL BUSINESSMEN WITH TECHNICAL CAPABILITY AND ALSO APPARENTLY BELIED BY SLEC'S INABILITY TO KEEP EXISTING SYSTEM RUNNING.

5. EMBASSY HAS LEARNED THAT GOSL HAS DISCOVERED EVIDENCE OF IMPROPER PROCEDURES AND HAS INITIATED A RE-EVALUATION OF PROCEDURES UNDER WHICH SPECIFICATIONS WERE DRAWN UP.

6. EMBASSY REQUESTS DEPARTMENT TAKE UP WITH IBRD QUESTION WHETHER PROCESSING THIS LOAN WAS IN ACCORDANCE WITH IBRD PROCEDURES. WE PARTICULARLY SURPRISED THAT SLEC PUBLICLY ANNOUNCED TENDER BEFORE LOAN WAS FINALIZED. IF REQUESTED, WE CAN PROVIDE ELABORATION OF TECHNICAL ISSUES ALLUDED TO IN PARA 4 FROM PRECIS PREPARED BY LOCAL GM REP. SAMUELS

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